

Message Text

MRN: 1974SEOUL 001384 SEGMENT NUMBER: 000001 ERROR READING TEXT INDEX
FILE; TELEGRAM TEXT FOR THIS SEGMENT IS UNAVAILABLE
ADP000
LIMITED OFFICIAL USE

PAGE 01 SEOUL 01384 02 OF 02 012310Z

64
ACTION EB-11

INFO OCT-01 EA-11 ISO-00 SPC-03 SAM-01 AID-20 NSC-10

RSC-01 CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02

CIAE-00 COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12

LAB-06 SIL-01 L-03 H-03 PA-04 PRS-01 USIA-15 AGR-20

INT-08 FEA-02 SCI-06 IO-14 DRC-01 /206 W
----- 088321

R 010427Z MAR 74
FM AMEMBASSY SEOUL
TO SECSTATE WASHDC 2681
INFO AMCONSUL HONG KONG

LIMITED OFFICIAL USE SECTION 2 OF 2 SEOUL 1384

5 EXCHANGE RATE: MISSION CLARIFIED THAT SINCE
MARCH 1973 KOREA HAS BEEN OBLIGED TO KEEP ITS RATE
WITHIN 1 PERCENT OF ITS "PROVISIONAL PAR VALUE" OF
398.9 WON/\$1.00, WHICH ROKG HAS UNWITTINGLY DONE.
THUS PREVIOUS PROVISION FOR FLOATING RATE NO
LONGER APPLIES, AND FUND APPROVAL MUST BE SOUGHT
FOR CHANGE IN RATE OUTSIDE 1 PERCENT RANGE. ROKG
STATED IT HAS NO PRESENT INTENTION TO CHANGE RATE.

6. INTEREST RATES: IN VIEW INFLATION AND TO KEEP
MONEY IN BANKING SYSTEM MISSION URGED HIGHER RATES,
IN LINE WITH PAST KOREAN PRACTICE. ROKG RESISTED
ON GROUNDS BUSINESS COSTS WOULD BE INCREASED AND
EXPORT COMPETITIVENESS REDUCED; ALSO NOTED THAT
MOST COUNTRIES NOW HAVE SAME RAPID INFLATION BUT
MAINTAIN PRIME RATES LOWER THAN 15.5 PERCENT.
HOWEVER, ROKG PROMISED TO CONSIDER FURTHER RATE
INCREASES IF EXCESS LIQUIDITY DEVELOPS. (DEPOSIT
RATES AND LOW EXPORT PROMOTION LENDING RATES
WERE RAISED BY ABOUT 2 PERCENT IN JANUARY. LATTER
LIMITED OFFICIAL USE
LIMITED OFFICIAL USE

PAGE 02 SEOUL 01384 02 OF 02 012310Z

MEASURE CONSTITUTED ONLY SIGNIFICANT CHANGE IN
EXPORT INCENTIVES.)

7. IMPORT REGIME: ROKG NOTIFIED RECENT DECISION
TO GRADUALLY ELIMINATE TARIFF EXEMPTIONS FOR CAPITAL
GOODS NOT EQUITY FINANCED, AS REPORTED REF (C).
RECENT MINOR INCREASES IN IMPORT RESTRICTIONS
CONSIDERED JUSTIFIED BY WORSENER BOP SITUATION.

8. COMMENTS: DOMESTIC CREDIT CEILING APPEARS
TIGHT, SO THAT UNLESS REAL GNP GROWTH RATE FALLS
BELOW FORECAST 8 PERCENT AND/OR RATE OF INFLATION
SLOWS DOWN DRASTICALLY, ROKG WILL PROBABLY EXCEED
CEILING FOR THIRD YEAR IN ROW. LARGE DEFICIT OF
120 BILLION WON (DOLS 300 MILLION) IN GRAIN MANAGEMENT
FUND IS PARTICULARLY WORRISOME, ALTHOUGH GOVERNMENT
RELUCTANCE TO RAISE BASIC GRAIN PRICES IN PRESENT
SITUATION IS UNDERSTANDABLE. MID-YEAR REVIEW BY VISITING
TEAM COULD BE VERY IMPORTANT FOR MONETARY, FISCAL AND EXCHANGE
RATE POLICIES.
DECONTROL FOLLOWING FEB. 28, 1976.
HABIB

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CREDIT, PETROLEUM, FINANCIAL PROGRAMS, VISITS, CREDIT PROGRAMS
Control Number: n/a
Copy: SINGLE
Draft Date: 01 MAR 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974SEOUL01384
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: CORE1
Film Number: n/a
From: SEOUL
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740374/aaaacqyy.tel
Line Count: 84
Locator: ADS TEXT UNRETRIEVABLE
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: A SEOUL A-48 B. SEOUL A-36 C. SEOUL, A-46 D. CERP
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags: ANOMALY
Review Date: 22 JUL 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <22 JUL 2002 by cunninfx>; APPROVED <23 JUL 2002 by morefirh>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: IMF STANDBY AGREEMENT AND IMF OIL FACILITY HONG KONG FOR REGFINATT
TAGS: EFIN, KS, IMF
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005